



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS
ENDED 31 DECEMBER 2018**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

For the third quarter and nine months ended 31 December 2018 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
Revenue	464.0	439.8	1,356.5	1,301.1
Expenditure				
Staff costs	(217.5)	(206.9)	(640.5)	(626.9)
Cost of raw materials	(69.4)	(64.4)	(201.9)	(188.9)
Licence fees	(22.6)	(21.5)	(66.8)	(63.6)
Depreciation and amortisation charges	(20.7)	(19.5)	(61.0)	(57.5)
Company premise and utilities expenses	(28.1)	(24.8)	(84.2)	(78.4)
Other costs	(40.4)	(37.0)	(105.9)	(105.5)
	<u>(398.7)</u>	<u>(374.1)</u>	<u>(1,160.3)</u>	<u>(1,120.8)</u>
Operating profit	65.3	65.7	196.2	180.3
Interest on borrowings	(0.3)	(0.2)	(0.7)	(0.6)
Interest income	0.9	0.9	2.8	3.2
Share of results of associates/joint ventures, net of tax	20.7	13.7	50.0	47.2
Other non-operating (loss)/income, net	(0.2)	4.6	(0.7)	11.8
	<u>86.4</u>	<u>84.7</u>	<u>247.6</u>	<u>241.9</u>
Profit before tax	86.4	84.7	247.6	241.9
Income tax expense	(15.2)	(16.7)	(43.2)	(45.2)
Profit for the period	<u>71.2</u>	<u>68.0</u>	<u>204.4</u>	<u>196.7</u>
Profit attributable to:				
Owners of the Company	68.9	66.6	198.5	196.1
Non-controlling interests	2.3	1.4	5.9	0.6
	<u>71.2</u>	<u>68.0</u>	<u>204.4</u>	<u>196.7</u>
Underlying net profit ⁽¹⁾	63.1	62.1	192.7	184.6
EBITDA (\$'M) ⁽²⁾	106.5	103.5	306.5	296.8
Return on Equity (%) ⁽³⁾	4.3	4.2	12.3	12.3

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:

	3 rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
(i) Gain on disposal of assets held for sale, net of tax	–	–	–	7.0
(ii) Write-back of earn-out consideration	11.6	4.5	11.6	4.5
(iii) Impairment loss on investment in associates	(11.6)	–	(11.6)	–
(iv) Share of DFASS SATS Pte Ltd profits from the disposal of business to KrisShop Pte Ltd, net of tax	5.8	–	5.8	–

2. EBITDA refers to earnings before interest, tax, depreciation and amortisation.
3. Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non annualised).

**Notes - Profit for the period is arrived at after crediting/(charging) the following items
(in \$ million):**

	GROUP			
	3rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
Foreign exchange (loss)/gain, net	(0.2)	(0.8)	4.2	(2.9)
(Allowance)/write-back for doubtful debts	(0.1)	0.1	(0.2)	–
Write-off for stock obsolescence, net	–	0.1	(0.1)	–
Gain on disposal of assets held for sale	–	–	–	7.0
Write-back of earn-out consideration	11.6	4.5	11.6	4.5
Impairment loss on investment in associates	(11.6)	–	(11.6)	–
Gain on disposal of property, plant and equipment	0.1	–	0.3	0.2
Over/(under) provision of taxation in respect of prior years	0.1	(0.1)	2.6	(0.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter and nine months ended 31 December 2018 (in \$ million)

	GROUP			
	3rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
Profit for the period	71.2	68.0	204.4	196.7
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial loss on defined benefit plan	–	–	–	(0.1)
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences	7.3	(5.9)	(5.4)	(26.4)
Reclassification of foreign currency translation to profit or loss	–	–	–	0.4
	<u>7.3</u>	<u>(5.9)</u>	<u>(5.4)</u>	<u>(26.0)</u>
Other comprehensive income for the period, net of tax	<u>7.3</u>	<u>(5.9)</u>	<u>(5.4)</u>	<u>(26.1)</u>
Total comprehensive income for the period	<u>78.5</u>	<u>62.1</u>	<u>199.0</u>	<u>170.6</u>
Total comprehensive income attributable to:				
Owners of the Company	74.7	61.7	193.6	172.9
Non-controlling interests	3.8	0.4	5.4	(2.3)
Total comprehensive income for the period	<u>78.5</u>	<u>62.1</u>	<u>199.0</u>	<u>170.6</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**STATEMENTS OF FINANCIAL POSITION
As at 31 December 2018 (in \$ million)**

	GROUP		COMPANY	
	31.12.2018	31.3.2018	31.12.2018	31.3.2018
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(43.0)	(32.8)	(43.0)	(32.8)
Share-based compensation reserve	8.5	15.0	8.5	15.0
Statutory reserve	10.9	9.2	–	–
Foreign currency translation reserve	(148.3)	(143.4)	–	–
Revenue reserve	1,427.0	1,431.0	1,109.6	1,159.6
Other reserves*	(19.1)	(12.8)	(20.1)	(13.8)
	<u>1,603.9</u>	<u>1,634.1</u>	<u>1,422.9</u>	<u>1,495.9</u>
Non-controlling interests	138.7	132.5	–	–
Total equity	<u>1,742.6</u>	<u>1,766.6</u>	<u>1,422.9</u>	<u>1,495.9</u>
Non-current assets				
Property, plant and equipment	566.3	560.1	33.8	27.9
Investment properties	7.9	8.9	210.1	229.5
Intangible assets	157.7	157.5	5.9	4.2
Investment in subsidiaries	–	–	541.1	536.5
Investment in associates	617.0	604.1	337.4	320.7
Investment in joint ventures	261.1	244.7	172.9	165.0
Long-term investments	20.7	20.0	–	–
Loan to subsidiaries	–	–	310.7	312.4
Deferred tax assets	10.1	10.7	–	–
Other non-current assets	5.2	7.3	–	–
	<u>1,646.0</u>	<u>1,613.3</u>	<u>1,611.9</u>	<u>1,596.2</u>
Current assets				
Trade and other receivables	322.3	298.5	113.5	79.8
Prepayments and deposits	17.7	16.2	0.9	2.3
Amounts due from associates/joint ventures	6.3	4.6	4.7	2.5
Loan to subsidiaries	–	–	0.2	0.2
Inventories	25.4	22.5	0.3	0.2
Cash and short-term deposits	270.7	373.3	91.1	211.6
Assets of disposal groups classified as held for sale	10.5	19.9	7.6	7.6
	<u>652.9</u>	<u>735.0</u>	<u>218.3</u>	<u>304.2</u>
Current liabilities				
Trade and other payables	314.3	331.7	215.1	203.2
Amounts due to associates/joint ventures	2.3	3.5	–	–
Income tax payable	57.5	57.3	13.7	12.6
Term loans	–	9.8	48.2	58.0
Finance leases	0.2	0.3	–	–
	<u>374.3</u>	<u>402.6</u>	<u>277.0</u>	<u>273.8</u>
Net current assets/(liabilities)	278.6	332.4	(58.7)	30.4
Non-current liabilities				
Deferred tax liabilities	64.6	61.6	25.9	26.2
Term loan	96.4	96.0	96.4	96.0
Finance leases	0.2	0.3	–	–
Other payables	20.8	21.2	8.0	8.5
	<u>182.0</u>	<u>179.1</u>	<u>130.3</u>	<u>130.7</u>
Net assets	<u>1,742.6</u>	<u>1,766.6</u>	<u>1,422.9</u>	<u>1,495.9</u>

* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares, Capital Reserve and Fair Value Reserve.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

(In \$ million)

Amount repayable in one year or less, or on demand

<u>As at 31.12.2018</u>		<u>As at 31.03.2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	0.2	-	10.1

Amount repayable after one year

<u>As at 31.12.2018</u>		<u>As at 31.03.2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	96.6	-	96.3

Details of any collateral

NIL.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS

For the third quarter and nine months ended 31 December 2018 (in \$ million)

	GROUP			
	3rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
<u>Cash flows from operating activities</u>				
Profit before tax	86.4	84.7	247.6	241.9
Adjustments for:				
Interest income, net	(0.6)	(0.7)	(2.1)	(2.6)
Depreciation and amortisation charges	20.7	19.5	61.0	57.5
Unrealised foreign exchange loss/(gain)	0.2	0.8	(2.3)	2.9
Share of results of associates/joint ventures, net of tax	(20.7)	(13.7)	(50.0)	(47.2)
Gain on disposal of property, plant and equipment	(0.1)	–	(0.3)	(0.2)
Gain on disposal of assets held for sale	–	–	–	(7.0)
Write-back of earn-out consideration	(11.6)	(4.5)	(11.6)	(4.5)
Impairment loss on investment in associates	11.6	–	11.6	–
Share-based payment expense	1.2	2.7	5.1	7.5
Other non-cash items	0.2	(0.1)	0.2	0.1
Operating cash flows before working capital changes	87.3	88.7	259.2	248.4
Changes in working capital:				
Increase in receivables	(16.1)	(37.2)	(20.7)	(37.6)
Decrease/(increase) in prepayments and deposits	4.0	3.4	(1.5)	(1.9)
Increase in inventories	(1.5)	(0.9)	(3.0)	(3.2)
Increase/(decrease) in payables	22.1	16.6	(7.0)	(15.9)
Increase in amounts due from associates/joint ventures, net	(0.4)	(1.0)	(2.8)	(3.6)
Cash generated from operations	95.4	69.6	224.2	186.2
Interest paid to third parties	(0.2)	(0.2)	(0.6)	(0.6)
Income taxes paid	(13.8)	(13.6)	(38.8)	(39.2)
Net cash from operating activities	81.4	55.8	184.8	146.4
<u>Cash flows from investing activities</u>				
Capital expenditure	(25.6)	(27.3)	(65.6)	(71.6)
Dividends from associates/joint ventures	18.3	10.4	39.1	23.3
Proceeds from disposal of assets held for sale	–	3.2	–	33.9
Proceeds from disposal of property, plant and equipment	0.3	–	1.0	0.7
Investment in associates/joint ventures	(5.3)	(18.7)	(23.4)	(30.8)
Decrease in long-term investments	–	–	–	3.9
Interest received from deposits	0.4	0.5	2.3	2.7
Net cash used in investing activities	(11.9)	(31.9)	(46.6)	(37.9)
<u>Cash flows from financing activities</u>				
Repayment of term loans	(2.7)	–	(9.9)	–
Repayment of finance leases and related charges	(0.1)	–	(0.3)	(0.5)
Proceeds from borrowings	–	–	0.1	–
Proceeds from exercise of share options	–	–	1.0	4.2
Dividends paid	(66.9)	(67.2)	(200.9)	(190.3)
Purchase of treasury shares	(12.1)	–	(29.0)	–
Capital contribution from non-controlling interest	2.0	–	3.2	–
Dividends paid to non-controlling interest	(2.2)	–	(2.4)	(0.2)
Net cash used in financing activities	(82.0)	(67.2)	(238.2)	(186.8)
Net decrease in cash and cash equivalents	(12.5)	(43.3)	(100.0)	(78.3)
Effect of exchange rate changes	1.5	(1.5)	(2.6)	(3.5)
Cash and cash equivalents at beginning of financial period ⁽¹⁾	281.7	471.4	373.3	508.4
Cash and cash equivalents at end of financial period	270.7	426.6	270.7	426.6

⁽¹⁾ Cash and cash equivalents comprised cash held under assets held for sale was Nil as at 31 December 2018 and 31 December 2017, Nil as at 30 September 2018 and 30 September 2017, and Nil as at 31 March 2018 and \$2.6 million as at 31 March 2017.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

For the third quarter ended 31 December 2018 (in \$ million)

	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
GROUP												
Balance at 1 October 2018	367.9	(30.9)	7.3	10.9	(154.1)	1,425.0	1.1	(20.1)	(0.1)	1,607.0	135.1	1,742.1
Profit for the period	–	–	–	–	–	68.9	–	–	–	68.9	2.3	71.2
Other comprehensive income for the period	–	–	–	–	5.8	–	–	–	–	5.8	1.5	7.3
Total comprehensive income for the period	–	–	–	–	5.8	68.9	–	–	–	74.7	3.8	78.5
Contributions by and distributions to owners												
Share-based payment	–	–	1.2	–	–	–	–	–	–	1.2	–	1.2
Purchase of treasury shares	–	(12.1)	–	–	–	–	–	–	–	(12.1)	–	(12.1)
Dividends, net	–	–	–	–	–	(66.9)	–	–	–	(66.9)	–	(66.9)
Total contributions by and distributions to owners	–	(12.1)	1.2	–	–	(66.9)	–	–	–	(77.8)	–	(77.8)
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2.0	2.0
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2.2)	(2.2)
Balance at 31 December 2018	367.9	(43.0)	8.5	10.9	(148.3)	1,427.0	1.1	(20.1)	(0.1)	1,603.9	138.7	1,742.6

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the third quarter ended 31 December 2018 (in \$ million)

GROUP	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Loss on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 October 2017	367.9	(15.4)	9.2	8.6	(129.3)	1,368.6	0.2	(13.7)	0.1	1,596.2	84.8	1,681.0
Profit for the period	–	–	–	–	–	66.6	–	–	–	66.6	1.4	68.0
Other comprehensive income for the period	–	–	–	–	(4.9)	–	–	–	–	(4.9)	(1.0)	(5.9)
Total comprehensive income for the period	–	–	–	–	(4.9)	66.6	–	–	–	61.7	0.4	62.1
Contributions by and distributions to owners												
Share-based payment	–	–	2.7	–	–	–	–	–	–	2.7	–	2.7
Treasury shares reissued pursuant to equity compensation plans	–	0.1	–	–	–	–	–	–	–	0.1	–	0.1
Dividends, net	–	–	–	–	–	(67.2)	–	–	–	(67.2)	–	(67.2)
Total contributions by and distributions to owners	–	0.1	2.7	–	–	(67.2)	–	–	–	(64.4)	–	(64.4)
Balance at 31 December 2017	367.9	(15.3)	11.9	8.6	(134.2)	1,368.0	0.2	(13.7)	0.1	1,593.5	85.2	1,678.7

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the third quarter ended 31 December 2018 (in \$ million)

<u>COMPANY</u>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 October 2018	367.9	(30.9)	7.3	1,047.6	(20.1)	1,371.8
Profit for the period	–	–	–	128.9	–	128.9
Total comprehensive income for the year	–	–	–	128.9	–	128.9
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.2	–	–	1.2
Purchase of treasury shares	–	(12.1)	–	–	–	(12.1)
Dividends, net	–	–	–	(66.9)	–	(66.9)
Total contributions by and distributions to owners	–	(12.1)	1.2	(66.9)	–	(77.8)
Balance at 31 December 2018	<u>367.9</u>	<u>(43.0)</u>	<u>8.5</u>	<u>1,109.6</u>	<u>(20.1)</u>	<u>1,422.9</u>
Balance at 1 October 2017	367.9	(15.4)	9.2	1,026.7	(13.7)	1,374.7
Profit for the period	–	–	–	19.8	–	19.8
Total comprehensive income for the year	–	–	–	19.8	–	19.8
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.7	–	–	2.7
Treasury shares reissued pursuant to equity compensation plans	–	0.1	–	–	–	0.1
Dividends, net	–	–	–	(67.2)	–	(67.2)
Total contributions by and distributions to owners	–	0.1	2.7	(67.2)	–	(64.4)
Balance at 31 December 2017	<u>367.9</u>	<u>(15.3)</u>	<u>11.9</u>	<u>979.3</u>	<u>(13.7)</u>	<u>1,330.1</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued share excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

As at 1 October 2018 and 31 December 2018, there was no outstanding share option (31 December 2017: 826,000).

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Management employees may qualify for two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

For grants in FY2015-16 to FY2018-19

The RSP award is subject to the achievement of the pre-determined target over a one-year period and has an equal vesting over a three-year period. The number of restricted shares awarded is based on individual and corporate performance and the final number of restricted shares could range between 0% and 120% of the initial grant of the restricted shares. PSP has a performance period of three years. The number of performance shares awarded is based on individual and corporate performance and the final performance shares awarded could range between 0% and 150% of the initial grant, subject to achievement of the pre-determined targets.

As at 31 December 2018, the number of shares outstanding under the Company's RSP and PSP were 1,533,800 and 3,859,000 (31 December 2017: 2,971,400 and 4,775,000) respectively.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY (cont'd)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

The details of the shares awarded under RSP and PSP are as follows:

RSP

Date of grant	Balance at 1.10.2018 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 31.12.2018
		Vested	Forfeited	Adjustments	
01.08.2016	511,600	–	(10,200)	–	501,400
01.08.2017	1,060,800	–	(28,400)	–	1,032,400
	1,572,400	–	(38,600)	–	1,533,800

PSP

Date of grant	Balance at 1.10.2018 / Date of grant	<u>Number of Performance Shares</u>			Balance at 31.12.2018
		Vested	Forfeited	Adjustments	
01.08.2016	1,562,000	–	–	–	1,562,000
01.08.2017	1,552,000	–	–	–	1,552,000
14.12.2018	745,000	–	–	–	745,000
	3,859,000	–	–	–	3,859,000

- (iii) Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding are as follows:

Group and Company	As at 31 December 2018	As at 31 December 2017
Number of treasury shares	9,697,355	4,811,355
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	9,697,355	4,811,355
Total number of shares outstanding*	1,114,358,920	1,119,244,920
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.9%	0.4%

* Total number of issued shares excluding treasury shares and subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2018	As at 31 March 2018
1,114,358,920	1,115,845,820

- 1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Group and Company Treasury Shares	Number of Shares		\$ million	
	2018-19	2017-18	2018-19	2017-18
Balance at 1 October	7,157,955	4,830,155	30.9	15.4
Purchases during the period	2,539,400	–	12.1	–
Issuance of treasury shares pursuant to equity compensation plans	–	(18,800)	–	(0.1)
Balance at 31 December	9,697,355	4,811,355	43.0	15.3

- 1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Nil.

2 Whether the figures have been audited, or reviewed and in accordance with which standard.

The figures have not been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2018 except as detailed in paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The new financial reporting framework, SFRS(I), is mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 March 2018, except for the adoption of new/revised SFRS(I) framework applicable for the financial period beginning 1 January 2018. In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 9 Financial Instruments;
- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration;
- Amendments to SFRS(I) 1 Deletion of short-term exemptions for first-time adopters;
- Amendments to SFRS(I) 1-28 Measuring an Associate or Joint Venture at Fair Value;
- Amendments to SFRS(I) 1-40 Transfers of Investment Property;
- Amendments to SFRS(I) 2 Classification and Measurement of Share-based Payment Transactions; and
- Amendments to SFRS(I) 4 Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts

The adoption of the above standards did not have any significant impact on the financial statements.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP			
	3 rd Quarter		9 Months	
	2018-19	2017-18	2018-19	2017-18
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	6.2	6.0	17.8	17.6
(ii) Diluted **	6.2	5.9	17.7	17.4

* Based on weighted average number of fully paid shares in issue.

** Based on weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	As at	As at	As at	As at
	31.12.2018	31.3.2018	31.12.2018	31.3.2018
Net asset value per ordinary share (cents)	143.9	146.4	127.7	134.1

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

GROUP FINANCIAL PERFORMANCE

Third Quarter FY2018-19

Group revenue of the Group recorded for the third quarter was \$464 million, increase of \$24.2 million or 5.5% with improvements in both Food Solutions and Gateway Services. Revenue from Food Solutions rose \$12 million or 5% to \$252.4 million with growth registered in all core catering subsidiaries in Singapore, Japan and China. Gateway Services' revenue increased \$12.3 million or 6.2% to \$211.3 million with increased contributions from Changi Airport Terminal 4 operations and cruise terminal operations at Marina Bay Cruise Centre Singapore.

Group expenditure in the third quarter was \$398.7 million, \$24.6 million or 6.6% higher compared to the same quarter last year. There were higher costs recorded in all expenditures driven mainly by volume growth. Staff costs increased \$10.6 million partly due to reduced employment credits, cost of raw materials increased \$5 million in line with higher meal volume, licence fees rose \$1.1 million with higher revenue, depreciation and amortisation were higher by \$1.2 million driven partly by new assets, company premises and utilities expenses increased \$3.3 million due to higher consumptions and rates. Other costs rose \$3.4 million with higher IT renewal

expenses, fuel costs and professional fees related to new projects and investments, mitigated by grants received.

Operating profit for the Group declined slightly by \$0.4 million or 0.6% to \$65.3 million, from the same quarter last year.

Share of results from associates/joint ventures was \$20.7 million, increased \$7 million or 51.1% over the same period last year with higher contributions from Gateway Services' associates/joint ventures. Included in the share of results during the quarter was a gain of \$5.8 million recognised in DFASS SATS Pte Ltd ("DSPL") for the disposal of business to KrisShop Pte Ltd (previously known as Singapore Airport Duty-Free Emporium (Private) Limited)("KSPL"). KSPL is a joint venture amongst Singapore Airlines Limited ("SIA"), SATS Ltd. and DFASS (Singapore) Pte. Ltd. ("DFASS") to engage in travel retail business in Singapore, offering inflight and ground-based duty-free and duty-paid goods, as well as mail order and pre-order services. Following the completion of the share subscription, SIA will hold approximately 70%, whilst SATS and DFASS will each hold approximately 15% of the issued share capital of KSPL. KSPL has since been accounted for as an associated company of the SATS Group.

Excluding the gain, share of results from associates/joint ventures has increased by \$1.2 million.

Group net profit attributable to owners of the Company rose \$2.3 million or 3.5% to \$68.9 million. Excluding the one-off gain of \$5.8 million in DSPL as explained above, the underlying net profit of \$63.1 million was \$1 million or 1.6% higher year-on-year.

In 2017, the Group has recorded a potential earn-out consideration of \$11.6 million as part of the purchase consideration in the acquisition of Brahim's SATS Investment Holdings Sdn. Bhd. ("BSH"). As the target period has lapsed and the earn-out targets were not met, such consideration was thus adjusted to profit or loss. In view of the above, the Group has assessed its investment in BSH and recorded an impairment loss amounting to \$11.6 million.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2018-19	%	3Q FY2017-18	%	Growth
	\$m		\$m		%
Food Solutions	252.4	54	240.4	55	5.0
Gateway Services	211.3	46	199.0	45	6.2
Others	0.3	–	0.4	–	(25.0)
	464.0	100	439.8	100	5.5

Nine months FY2018-19

Group revenue grew \$55.4 million or 4.3% to \$1,356.5 million, contributed by volume growth in both Food Solutions and Gateway Services. Revenue from Food Solutions increased \$24.5 million or 3.4% to \$742.8 million, with contributions in part by \$6.5 million or 3.6% growth in Japan business and \$3.9 million or 163% growth in the non-aviation business in China. Gateway Services' revenue improved \$30.7 million or 5.3% to \$612.5 million driven by volume growth in flights handled as well as higher contribution from cruise terminal operations. Excluding the impact of the deconsolidation of SATS HK Limited ("SHK"), a wholly owned subsidiary which the Group has divested 51% interest to Voltaire Capital Investment Limited in July 2017,

the Group's underlying revenue would have increased by \$71 million or 5.5% while Gateway Services' revenue would have reflected a higher growth of \$46.3 million or 8.2%.

Group expenditure in the nine months was \$1,160.3 million, \$39.5 million or 3.5% higher compared to the corresponding period last year, with increase in all expenditures driven mainly by volume growth, similar to the quarter. Staff costs were higher by \$13.6 million partly due to reduced employment credits while cost of raw materials and licence fees increased in line with the revenue by \$13 million and \$3.2 million respectively. Depreciation and amortisation was higher by \$3.5 million with new projects and assets. Company premise and utilities expenses rose by \$5.8 million with higher consumption and rates. Other costs increased marginally by \$0.4 million attributed to higher IT expenses, fuel costs and professional fees attributed to new projects and investment carried out during the period, mitigated by foreign exchange gains as compared to foreign exchange losses in the corresponding period last year as well as grants received.

Operating profit for the Group recorded \$196.2 million, \$15.9 million or 8.8% increase over the corresponding period last year as the growth in revenue outpaced the higher expenditure.

Share of results from associates/joint ventures was \$50 million, increase of \$2.8 million or 5.9% year-on-year with higher contributions from Gateway Services' associates/joint ventures which included the gain of \$5.8 million from DSPL's disposal of business to KSPL as explained for the third quarter.

Excluding the gain, share of results from associates/joint ventures has decreased by \$3 million.

Group net profit attributable to owners of the Company achieved \$198.5 million, \$2.4 million or 1.2% higher year-on-year. Excluding the one-off gain of \$5.8 million in DSPL, underlying net profit year-to-date was \$192.7 million, \$8.1 million or 4.4% higher over the nine months last year.

Revenue by business segment is summarised below:

	Revenue				
	9M FY2018-19	%	9M FY2017-18	%	Growth
	\$m		\$m		%
Food Solutions	742.8	55	718.3	55	3.4
Gateway Services	612.5	45	581.8	45	5.3
Others	1.2	–	1.0	–	20.0
	1,356.5	100	1,301.1	100	4.3

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group declined \$24 million to \$1,742.6 million at 31 December 2018, compared to balance at 31 March 2018. The lower equity was due to payment of dividends, purchase of treasury shares and foreign currency translation losses during the period. In addition, share-based compensation reserve reduced and loss on re-issuance of treasury shares increased in relation to the re-issuance of treasury shares for vested shares from equity based compensation plans.

Non-current assets increased \$32.7 million with higher investment in associates as well as joint ventures. Investment in associates increased mainly due to the

additional investment of \$11.4 million increasing the Group's equity stake from 28% to 29% in Beijing Aviation Ground Services Co., Ltd, investment of \$5.3 million for 15% share in KSPL and share of associates' profits during the period, partly offset by the \$11.6 million impairment loss on investment in BSH. The higher investment in joint ventures primarily arose from additional capital injection of \$6.7 million in Ground Team Red Holdings Sdn Bhd, in addition to share of joint ventures' profits during the period, partly eroded by foreign currency translation losses.

Current assets of the Group declined \$82.1 million primarily from lower cash and short-term deposits as well as assets of disposal groups classified as held for sale. Cash and short-term deposits decreased mainly due to payment of dividends, spent on capital expenditure, investments in associates/joint ventures as well as purchase of treasury shares. Assets of disposal groups classified as held for sale in relation to DSPL were reclassified back to investment in joint ventures following the completion of joint venture with SIA and DFASS in KSPL. The remaining balance in assets held for sale as at 31 December 2018 relates to the 4% stake in Asia Airfreight Terminal Company Limited. The decrease in current assets was partly offset by higher trade and other receivables, prepayment and deposits, receivables from associates/joint ventures and inventories.

Current liabilities dropped \$28.3 million with lower trade and other payables which comprised the write back of \$11.6 million earn-out consideration as mentioned above, amounts due to associates/joint ventures and repayment of term loans.

The Company was in net current liabilities position as at 31 December 2018, attributed to the lower cash balance following payments of dividends to shareholders.

Non-current liabilities of the Group increased \$2.9 million with higher deferred tax liabilities as well as higher term loan resulted from foreign currency translation loss on the Japanese Yen loan.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for both the current quarter and nine months were higher compared to the corresponding periods last year. The increase for the quarter was mainly due to movement in working capital whilst the improvement in the nine months cash flow arose from higher operating profits in addition to the working capital changes.

Net cash used in investing activities for 3Q FY2018-19 and 9M FY2018-19 were cash outflows of \$11.9 million and \$46.6 million respectively. There was lower cash outflow compared to the quarter last year due to lower investment in associates in addition to higher dividends received from associates. Compared to last financial year, the absence of proceeds from disposal of assets held for sale received in last financial year resulted in higher cash outflow for the current nine months comparatively.

Net cash used in financing activities were higher cash outflows of \$82 million in 3Q FY2018-19 and \$238.2 million in 9M FY2018-19. The increases for both periods were attributable largely to dividends paid to shareholders as well as purchase of treasury shares.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

OUTLOOK

Despite the slowdown in the global economy, increasing volumes in the aviation industry and strong demand for convenient food in Asian cities are creating growth opportunities for SATS. We are well-positioned to extend our market leadership in Asia Pacific, especially in the large, dynamic markets.

China is a key market for us for scale and connectivity, and we have invested in ground and cargo handling, and catering operations at the new Daxing International Airport in Beijing. Furthermore, we are building new central kitchens in China to supply fast casual restaurant chains in key cities.

At the same time, our new ground and cargo handling ventures in India and Malaysia are already growing profitably.

We continue to enhance the sustainability of our business by digitalising our operations, developing our people, and building new capabilities while seeking acquisitions that can help us accelerate the implementation of our strategy to feed and connect Asia.

11 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not applicable.

(d) Closure of books

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended for the quarter ended 31 December 2018. The Company pays dividends on a semi-annual basis for every six-month period ending 31 March and 30 September, subject to review and approval.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2018 are as follows:

<u>Name of interested person</u>	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Limited	–	528,902
KrisShop Pte. Ltd.	–	2,102
ST Aerospace Services Co Pte Ltd	–	496
	<u>–</u>	<u>531,500</u>
Transactions for the Purchase of Goods and Services		
Singapore Telecommunications Limited	–	652
Certis Cisco Consulting Services Pte Ltd	–	347
	<u>–</u>	<u>999</u>
Other transactions with KrisShop Pte. Ltd. ("KSPL") *		
Subscription in the share capital of KSPL	5,300	–
DFASS SATS Pte Ltd 's disposal of business to KSPL	13,800	–
	<u>19,100</u>	<u>–</u>

* The Company refers to the announcement on 23 November 2018 relating to the Shareholders' Agreement between Singapore Airlines Limited, DFASS (Singapore) Pte. Ltd. and the Company dated 30 November 2018. As announced, the Company is entitled to receive earn out payments, which are paid on an annual basis, in consideration for the provision of certain commitments provided by the Company to KrisShop. These aggregate earn out payments are dependent on the sales revenue of KrisShop for that year and subject to a cap of S\$16 million. The cap is subject to renewal by the parties from time to time.

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
13 February 2019
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter and nine months ended 31 December 2018 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and
Chief Executive Officer

Singapore, 13 February 2019